



O-I Europe  
Route de Buyère, 2  
1030 Bussigny-près-Lausanne, VD  
Switzerland  
+41 (0)21 703 41 00 tel  
+41 (0)21 703 41 95 fax  
www.o-i.com

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To whom it may concern

Please find hereby the opinion from O-I as stakeholder in the consultation of the European Commission regarding the EU Emission trading scheme in the scope of the European Climate Change Program

Dominique Tombeur  
Vice-President O-I Europe  
Marketing & Communications, Europe



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## European Union Emission Trading Scheme Review

### O-I's comments

Dear Mr. Delbeke,

O-I Europe is the EU's largest manufacturer of glass containers. A wide range of European products, including food and drink, are packed in O-I glass and sold around the world. O-I employs thousands at its plants across Europe, from England to Poland, from Italy to the Netherlands.

As a participant of the EU ETS, we are pleased to give you our perspectives for the review of the scheme mainly on the allocation method.

**O-I recommends the use of benchmarks or grandfathering as a method of allocating allowances rather than auctioning. O-I suggests that this method should be immediately implement for the next trading period (2008-2012).**

**The benchmarks should be tied to the BREF to support positive technology advances and to ensure the appropriateness of the advances.**

#### *1. O-I is committed to continue to reduce its emissions*

O-I is the continent's leading consumer of post-consumer glass, an important measure for improving the energy efficiency of glass furnaces and lowering raw material usage. The company has made substantial investments to improve emissions from its plants throughout Europe.

Unfortunately, due to increasing glass sector demand for post-consumer glass cullet and limited availability of new quality cullet supplies, there appear to be only very limited opportunities for the glass container industry to increase recycled content levels in production facilities.

As an industry leader, O-I has been implementing emission reduction technologies that have improved the environmental profile of the industry. O-I notes that the glass container industry represents less than 1% of the total CO<sub>2</sub> emissions incorporated under the EU ETS.

#### *2. O-I supports benchmarking or grandfathering*

Changes should be introduced in the second phase of the EU ETS in order to encourage continued emissions reduction technology investment for the glass container manufacturing to ensure the continued competitiveness this sector. Specifically, the allowance allocation procedure going forward should recognize the limited potential for further reductions in emissions by the glass container industry.

Rather than use an auction for allocations among glass container manufacturers, benchmarking (taking into account the glass colour being produced, the availability of cullet, and technological factors) or grandfathering (taking into account increases in production capacity) would be more appropriate.

The technologies used in the production of container glass are complex and environmental impacts, such as CO2 emissions, are dependent on newly applied technologies. The opportunity to use best practice solutions is dependent on the production equipment currently in place. Thus, an allocation based on a benchmarking system must be capable of addressing current technological parameters. Recognition of the technologies established in the BREF is important to ensuring that the technologies actually reduce emissions.

O-I notes that its recommendations are consistent with, and support the position taken by, FEVE, the European glass container federation.

O-I stands ready to work with the European Commission to ensure that the next phase of the EU ETS is both rational and efficient in meeting Europe's emission reduction goals.

A handwritten signature in black ink, appearing to read 'D. Tombeur', written over a horizontal line.

Dominique Tombeur  
Vice-President O-I Europe  
Marketing & Communications, Europe